

# FRANKLIN COUNTY NET PROFITS LICENSE FEE RETURN

QUESTIONS (ALL QUESTIONS MUST BE ANSWERED FULLY)

ACCOUNTING YEAR ENDED

PIDN

Name and Address of Business

PLEASE NOTIFY THIS OFFICE OF ANY CHANGES IN OWNERSHIP OR  
NAME AND ADDRESS SHOWN ABOVE

1. Nature of Business \_\_\_\_\_
2. Federal ID or Social Security Number \_\_\_\_\_
3. If organization was discontinued, state when  
dissolution \_\_\_\_\_ or sale of \_\_\_\_\_ if by sale, give name and  
address of successor \_\_\_\_\_
4. Did you have employees in Franklin County during year? Yes \_\_\_\_\_ No \_\_\_\_\_
5. Has Franklin County License Fee been withheld from all subject  
employees, and remitted quarterly in accordance with the regulations?  
Yes \_\_\_\_\_ No \_\_\_\_\_ If answer is "No" explain \_\_\_\_\_
6. Check which: \_\_\_\_\_ Corporation \_\_\_\_\_ Sub-Chapter S \_\_\_\_\_ Partnership  
\_\_\_\_\_ Individual Owner \_\_\_\_\_ Fiduciary \_\_\_\_\_ Other (state) \_\_\_\_\_
7. On which the return is prepared - Cash \_\_\_\_\_ Accrual \_\_\_\_\_
8. Have a Federal authorities changed the net income as originally reported  
for any prior year? Yes \_\_\_\_\_ No \_\_\_\_\_  
If answer is "Yes" attach a schedule of changes for each year
9. Telephone Number \_\_\_\_\_
10. Principal Business Code \_\_\_\_\_

## SCHEDULE A

1. Total Gross income per Federal Return, Form \_\_\_\_\_ (see attached copy) \$ \_\_\_\_\_
2. Total Business Deductions per Federal Return \_\_\_\_\_
3. Net Business income per Federal Return \_\_\_\_\_
4. ADD items not deductible (Line F, Schedule B) \_\_\_\_\_
5. Total (Line 3 plus Line 4) \_\_\_\_\_
6. DEDUCT items not subject (Line I, Schedule B) \_\_\_\_\_
7. ADJUST NET BUSINESS INCOME (Line 5 less Line 6) \_\_\_\_\_
8. If Schedule C (Line 4) is used enter here AVERAGE PERCENTAGE \_\_\_\_\_ %
9. NET PROFITS subject to Franklin County License Fee (Line 7 x Line 8) \$ \_\_\_\_\_
10. Franklin County License Fee @1% of amount Line 9 \$ \_\_\_\_\_
11. Credits - Estimated Payment \$ \_\_\_\_\_
12. Balance (Line 10 minus Line 11) \_\_\_\_\_
13. Penalty 10% (Penalty waived per approved County Extension)  
Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_
14. Interest of 1% per month or portion of month \_\_\_\_\_
15. Total due (Line 12 plus Line 13 plus Line 14) \$ \_\_\_\_\_

**\* YOU MUST ENCLOSE ONE COPY  
OF FEDERAL  
RETURN AS APPLICABLE  
WE WILL NOT BE ABLE TO PROCESS  
YOUR NET PROFIT RETURN  
WITHOUT A COPY OF THE FEDERAL  
INCOME TAX RETURN**

MAKE PAYABLE TO:  
**FRANKLIN COUNTY TREASURER**  
  
MAIL TO:  
**FRANKLIN COUNTY  
OCCUPATIONAL TAX COLLECTOR  
P.O. BOX 594  
FRANKFORT, KENTUCKY 40602  
(502) 875-8709**

## SCHEDULE B

NOTE: ADD AND/OR DEDUCT ONLY THOSE ITEMS WHICH ARE INCLUDED IN CALCULATING NET INCOME FOR FEDERAL RETURN.

### ITEMS NOT DEDUCTIBLE - ADD

- A. State or Local taxes based on income \$ \_\_\_\_\_
- B. License Fee under this ordinance \_\_\_\_\_
- C. Net Operating Loss Deduction \_\_\_\_\_
- D. Partner's Salaries (attach schedule) \_\_\_\_\_
- E. Other items (list) \_\_\_\_\_
- F. TOTAL ADDITIONS (enter on Line 4) \$ \_\_\_\_\_

### ITEMS NOT DEDUCTIBLE - DEDUCT

- G. Interest on Corporate Bonds \$ \_\_\_\_\_
- H. Interest on U.S. Government Securities \_\_\_\_\_
- I. Royalties on Patents, Copyrights \_\_\_\_\_
- J. Dividends \_\_\_\_\_
- K. Other - e.g., Alcoholic Bev Net, etc. \_\_\_\_\_  
(Attach Schedule)
- L. TOTAL DEDUCTIONS (enter on Line 6) \$ \_\_\_\_\_

## SCHEDULE C

BUSINESS ALLOCATION PERCENTAGE - DIVIDE (COL. A) by (COL. B) to obtain decimal. Carry out at least 6 places.

### Allocation Factors

	Column A Franklin CTY. Factor	Column B Total Factor	Column C Percentage
1. Total Gross Business Receipts (see attached)	\$ _____	\$ _____	%
2. Total Wages, Salaries, and Other Personal Service Compensation Paid to Employees	\$ _____	\$ _____	%
3. TOTAL PERCENTS			%
4. AVERAGE PERCENTAGE (Line 3 divided by number of percents)		Enter on Line 8	%

I hereby certify that the statements made herein and any supporting schedules are true, correct, and complete to the best of my knowledge.

### RETURN MUST

BE SIGNED

Signature of Individual Preparing Return

Signature of Taxpayer

Date

This return must be filed and paid in full on or before **APRIL 15**, or within 105 days after close of fiscal year, sale, liquidation, or transfer.

**\*\*MAIL IN A COPY OF STATE OR FEDERAL REQUEST FOR EXTENSION OF TIME\*\***  
PLEASE MAKE A COPY OF THIS RETURN FOR YOUR RECORDS

## INSTRUCTIONS

The Franklin County Net Profit License Fee is levied at the annual rate of 1 percent of the net profits of all occupations, trades professions, or other businesses engaged in said activities in the County. The fee is levied against a partnership, or association as a business entity. Therefore, the individual partners or members are not required to file a return on their distributive share of the profits. The Net Profit License Fee return to be filed by all businesses having some receipts and/or payroll within Franklin County must be based on the net income as reported by the state or federal government. **The Net Profit License Fee Return must be filed before April 15, if license is a calendar year, or 105 days after the end of the fiscal year, sale, liquidation, or transfer.** Checks or money orders should be made payable to the Franklin County Treasurer.

### BASIS OF LICENSE FEE

In computing the amount due, the taxpayer begins with gross receipts as shown by the Federal Income Tax Return less deductions as determined by the Federal Return. Deduction for general business expense will be allowed to the extent recognized and approved as such in determining Federal Income tax. But without deduction of state and local taxes based on income, all expenses connected with the acquisition or carrying of securities, the income from which is not subject under the ordinance, is not deductible.

\* Below in the column to the left is the type of business conducted to the right is the Federal Income Tax Form on which the Form 1 must be based.

Sole Proprietor	Federal Form, Schedule C
Estates and Trusts	Federal Form 1041
Partnerships	Federal Form 1065
Corporation	Federal Form 1120
Sub-Chapter S Corporation	Federal Form 1120S

### INSTRUCTIONS FOR ALL TAXPAYERS

#### SCHEDULE A

If taxpayer pays License fee on 100% of Net PProfits and has no Schedule B adjustments, he need fill in only Schedule A; however, all taxpayers must answer all questions.

- Line 1 Gross income per Federal Return, Form.
- Line 2 Enter total deductions as shown by the Federal Return.
- Line 3 Enter Net Income as shown by Federal Return.
- Line 4 Add subject items totaled on Line F, Schedule B.
- Line 5 Total line 3 and 4.
- Line 6 Deduct items not subject totaled on Line L of Schedule B.
- Line 7 Enter Line 5 less Line 6.
- Line 8 Enter average percentage as determined on Schedule C.
- Line 9 Enter profits subject to Franklin County License Fee - Line 8 x Line 7.
- Line 10 Enter 1% of amount Line 9.
- Line 11 Deduct Credits.
- Line 12 Balance Line 10 minus Line 11.
- Line 13 Penalty 10%.
- Line 14 Interest of 1% per month.
- Line 15 Enter amount due ( Line 12 plus Line 13 plus Line 14).

If an extension is necessary, a written request and copy of State or Federal application for extension must be submitted to the Franklin County Occupational Tax office before the due date of the Net Profit License Fee Return. If extension is granted, enter date on Line 14. Interest remains due from original due date (See Line 13).

#### SCHEDULE B

Schedule B is provided for the licensee to add ( Line A-E) items which are subject to the License Fee. Most of these appear as a part of the deductions taken on the Kentucky Return; therefore, they must be added back on Line 4. Lines G-K of schedule B provide for the specific deduction of items not subject to the License Fee. Many of these items are only taxable for Kentucky or Federal Income Tax purposes so they must be deducted on Line 6. Attach applicable schedule explaining any deductions on Line K.

#### SCHEDULE C

Schedule C must be completed by taxpayers with business receipts and/or payroll within Franklin County both within and outside the city limits of Frankfort. Completion of the schedule allocates to Franklin County the proportionate part of the Taxpayer's total business activity attributes to the County. However, if one of the two factors (business receipts or payroll factor) is missing the remaining factor is the Average or Business Allocation percentage (line 4 of Section C).

ANY QUESTIONS SHOULD BE DIRECTED TO  
THE OCCUPATIONAL TAX COLLECTOR  
P.O. BOX 594, FRANKFORT, KY 40602  
PHONE: (502) 875-8709